

(800) 473-6757

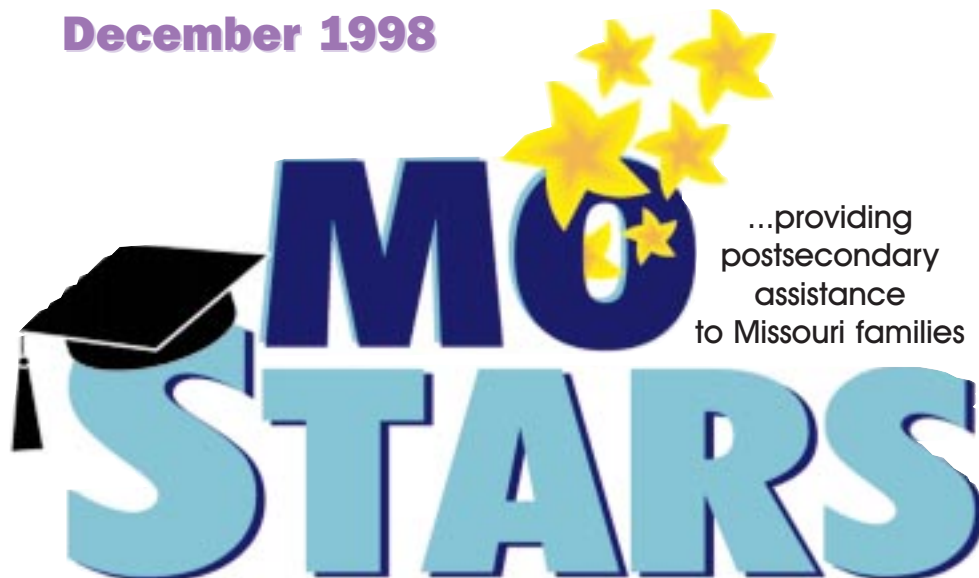


Call our
MOSTARS
Information
Center

to speak with trained
staff members about
any article published in
this newsletter,
as well as to obtain
free information about
the state and federal
student financial
assistance programs.

(573) 751-3940

December 1998



Missouri Student Assistance Resource Services

MOSTARS is a division of the Missouri Department of Higher Education

ATOM Corner



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- 1998 Helpful Hints

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Lender List



Pages 5, 7, 8

- Exit Counseling Obligations
- Appropriate Grade Level
for Second Undergraduate
Degree Students



Pages 2-3



Beth Ziehmer
(573) 751-1774
USER ID: eulinger

This portion of the **MOSTARS** newsletter will include questions and answers regarding various topics brought to our attention by MOSTARS clients.

If you happen to see one of your questions published, you should give yourself a pat on the back for asking a question that may benefit other clients.

In addition, if you think there is a need for a published clarification on a particular topic, please feel free to contact the **MOSTARS Information Center at (800) 473-6757 or (573) 751-3940** to discuss the topic. We may include the question in future issues of **MOSTARS**. ★

A school sends written exit counseling materials to the borrower at the same time as a written notice is sent to the borrower advising him or her of the appointment date and time for an in-person exit counseling interview. If the borrower does not keep the in-person exit counseling appointment, has the school fulfilled its obligations per 34 CFR 682.604(g)?

No – 34 CFR 682.604(g)(1) states, “A school shall conduct in-person exit counseling with each Stafford and SLS borrower shortly before the borrower ceases at least half-time study at the school, except that...(ii) If the borrower withdraws from the school without the school’s prior knowledge or fails to attend an exit counseling session as scheduled, the school shall mail written counseling material to the borrower at the borrower’s last known address within 30 days after learning that the borrower has withdrawn from school or failed to attend the scheduled session.”

The U.S. Department of Education recently announced that it is permissible for schools to provide exit counseling in an electronic format. However, for schools that do not have this capability, 34 CFR 682.604(g)(1) prescribes the procedure the school must follow: 1) the school schedules the borrower for an in-person exit counseling session; 2) written materials shall be mailed to the borrower’s last known address after the school learns the borrower has failed to attend the scheduled, in-person exit counseling session. For this reason, the MSLP does not recommend the procedure described in the question. Presently, MSLP program reviewers expect schools to adhere to the order of events described in 682.604(g)(1)(ii).

The MSLP is aware that a Dear Colleague Letter may be forthcoming to clarify acceptable formats for the provision of required exit counseling information. MSLP participants will be updated in a future newsletter if further Departmental guidance impacts the procedures described in 34 CFR 682.604(g).

CLIPS REMINDER

Please note these operational times for receipt and transmittal of CLIPS application and transaction files:

For users of **CLIPS™/APS (DOS CLIPS)**:

send/receive window
→ 8 a.m. to 7 p.m., CST
Monday – Friday

For users of **CLIPS for Windows**:

send/receive window
→ 7 a.m. to 6 p.m., CST
Monday – Friday.

What is the appropriate grade level for a student who is pursuing a second undergraduate degree?

A dependent student who has a prior undergraduate degree in a different program, but is considered by the school to be a first-year student in a program for which he or she is currently seeking a degree, is eligible to receive combined subsidized and unsubsidized Stafford Loan funds of no more than \$2,625 for the first academic year of his or her second undergraduate degree program.

In some cases, a school may apply credits earned during a prior undergraduate degree or certificate program toward completion of a second undergraduate degree or certificate program. In such cases, the school determines the student's grade level at the time the student begins the second undergraduate degree or certificate program based upon credit the school considers the student to have already earned toward the completion of the second undergraduate program. In determining the annual loan limit for a student enrolled in a school that requires an associate or bachelor's degree for admission to a program, the school may consider the number of years the student completed in the required degree program to determine the appropriate grade level.

See *Common Manual* subsection 5.7.H., page 24.

For Your Convenience



An information box indicating subject matter accompanies each article in this newsletter. This box also contains an identifiable icon, the name of the article's contact person (where applicable), his or her phone number, and e-mail user ID. The formula for e-mail addresses at MOSTARS and the Missouri Department of Higher Education is as follows:

USER ID?cbhe400@admin.mocbhe.gov

Please remember, you can also contact our MOSTARS Information Center at (800) 473-6757 or (573) 751-3940 with any questions.

Informal notice of bankruptcy:

When can a lender suspend collection activity?

Several lenders have asked the MSLP for guidance regarding suspension of collection activity upon receiving informal notice from a borrower or the borrower's attorney that the borrower has filed bankruptcy.



FFELP News

Jim Matchefts
(573) 751-1764
USER ID: jmatchef

The applicable FFELP regulations, 34 CFR 682.402(2) and (3), appear to require continued collection activity unless and until the lender receives formal notice from the bankruptcy court, such as a notice of first meeting of creditors. The Bankruptcy Code, however, requires all creditors to cease collection activities upon receiving any notice – whether formal or informal, oral or written – that a debtor has filed bankruptcy. This apparent conflict between the FFELP regulations and bankruptcy law has left many lenders wondering when they can suspend collection activity without risking legal liability.

The U.S. Department of Education recently issued a letter, in response to an inquiry from a guarantor, that lenders may suspend collection activity upon receiving informal notice, such as a letter or telephone call from the borrower or from the borrower's attorney, indicating that the borrower has filed bankruptcy. The lender is not required to wait for formal notification from the bankruptcy court before suspending collection activity. However, upon receiving informal notice of the bankruptcy, the lender is required to make prompt, diligent efforts to obtain documentation from the bankruptcy court confirming that the borrower has filed bankruptcy. If the lender is unable to obtain such documentation within 30 days after receiving the initial notice from the borrower or attorney, the lender must resume the suspended collection activities.

Lenders should be aware that, although informal notice of a bankruptcy filing allows a lender to temporarily suspend collection activity, a bankruptcy claim may be filed only after the lender receives confirming documentation from the bankruptcy court.

The MSLP has adopted the policy set forth above for suspension of collection activity. This policy is effective for any bankruptcy notifications received by a lender on or after November 1, 1998. ★

**Check your
mailing
label**



Please take a moment to check the mailing label on the back of this newsletter. This address is the most recent information MOSTARS has on its general database.

→ Is the mailing address correct?

→ Is the name of your institution correct?

→ Is this newsletter being mailed to the appropriate person at your institution?

→ Is the correct job title printed on the mailing label?

If any of this information is NOT up to date, please mail or fax your current information to:

MOSTARS
Becky Whithaus
P.O. Box 6730
Jefferson City, MO 65102
FAX (573) 751-6635

Thank you very much.
MOSTARS appreciates your assistance! ★

MOSTARS
News
Becky Whithaus
(800) 473-6757
USER ID:
bwhithau

MISLP Loan Volume

(less consolidation loans)

FFY98 → \$307,712,076

FFY97 → \$235,781,509

FFY96 → \$197,404,207

**FFELP
Program**



CariAnne Cutshall
(800) 473-6757 or
(573) 751-3940
USER ID: ccutshal

MISLP's Top 20 Schools & Lenders

SCHOOLS

1. Southwest Missouri State University
2. Saint Louis University & School of Medicine
3. Washington University & School of Medicine
4. Southeast Missouri State University
5. Sanford Brown College (4 locations)
6. Truman State University
7. Missouri Western State College
8. Columbia College
9. Drury College
10. Cleveland Chiropractic College
11. Southwest Baptist University
12. Lincoln University
13. Rockhurst College
14. Central Methodist College
15. Park College
16. Ranken Technical College
17. Logan College of Chiropractic
18. Avila College
19. St. Louis Community Colleges (3 locations)
20. Forest Institute of Professional Psychology

LENDERS

1. Commerce Bank (St. Louis)
2. NationsBank
3. Mercantile Bank (St. Joseph)
4. NationsBank (Kansas City)
5. Boone County National Bank
6. Union Planters National Bank
7. Great Southern Bank
8. First Federal Bank
9. St. Louis Community Credit Union
10. UMB Bank
11. Chase Education Finance Center
12. Educaid
13. Bank of Kirksville
14. First Bank - A Savings Bank
15. Blue Ridge Bank & Trust Co.
16. FNB Chicago / EFG
17. Citibank
18. Bank Midwest
19. Mercantile Bank of Lawrence
20. Bank One Educational Finance Group

WELCOME ABOARD

CLIPS for Windows

Start
Date

Central Bible College	Springfield	August 26
Central Methodist College	Fayette	August 5
Cottey College	Nevada	September 17
Crowder College	Neosho	September 9
Deaconess School of Nursing	St. Louis	September 4
First Bank	St. Louis	September 9
Franklin Technology Center	Joplin	September 10
LSC/TX	Killeen, TX	October 9
Lester L. Cox College of Nursing	Springfield	October 7
Logan College of Chiropractic	Chesterfield	August 21
Missouri College	St. Louis	October 28
Missouri Western State College	St. Joseph	October 16
North Central Missouri College	Trenton	August 31
Ozark Christian College	Springfield	June 4
Ozarks Technical College	Springfield	September 21
St. Luke's College of Nursing	Kansas City	August 6
Vatterott College	St. Joseph	September 30

MOSTARS applauds all the schools and lenders who became ATOM or CLIPS participants in 1998.

**These lists
were
compiled
as of
November 19,
1998**

ATOM Schools & Lenders

Start
Date

Avila College	Kansas City	August 10
Bank of Sullivan	Sullivan	September 22
Citizens Bank & Trust Company	Trenton	September 21
Crowder College	Neosho	June 1
Deaconess College of Nursing	St. Louis	October 16
Educaid	Sacramento, CA	May 18
First National Bank & Trust Company	Carbondale, IL	September 21
FNB Chicago / EFG, LLP	Hyannis, MA	April 1
Jewish Hospital College of Nursing & Allied Health	St. Louis	August 13
Logan College of Chiropractic	St. Louis	August 10
Mercantile Bank - Lawrence	Lawrence, KS	March 30
Moberly Area Community College	Moberly	January 12
NationsBank of Kansas City	Kansas City	May 1
Ozark Christian College	Joplin	January 15
Rockhurst College	Kansas City	August 10
Saint Louis University	St. Louis	July 6
St. Charles County Community College	St. Peters	August 3
St. Louis College of Pharmacy	St. Louis	March 9
The Hamilton Bank	Hamilton	January 26
The University of Health Sciences	Kansas City	November 2
Union Planters National Bank / edsouth	Cape Girardeau	October 1



MOSTARS and its servicer, GuaranTec, will be closed on the holidays listed below:

**Missouri Department
of Higher Education
& MOSTARS:**

New Year's Day.....Jan. 1
Martin Luther King DayJan. 18
Lincoln's Birthday.....Feb. 12
Washington's Birthday.....Feb. 15
Truman Day.....May 7
Memorial Day.....May 31
Independence Day.....July 5
Labor Day.....Sept. 6
Columbus Day.....Oct. 11
Veterans Day.....Nov. 11
Thanksgiving DayNov. 25
Christmas DayDec. 24
New Year's Day (observed) ..Dec. 31

GuaranTec

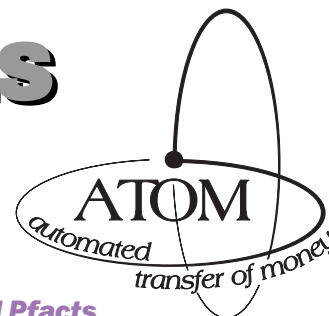
New Year's Day.....Jan. 1
Martin Luther King DayJan. 18
Memorial Day.....May 31
Independence Day.....July 5
Labor Day.....Sept. 6
Columbus Day.....Oct. 11
Veterans Day.....Nov. 11
Thanksgiving DayNov. 25
.....& 26
Christmas DayDec. 24

ATOM Helpful Hints

**ATOM
News**



Keith Broadus
(573) 751-3940
USER ID: kbroadus



This is a complete list of all the ATOM Helpful Hints published in past issues of **FFELPfacts** during 1998. All helpful hints published before January 1998 are listed in the December 1997 issue of **FFELPfacts**.

These tips will provide useful information in your day-to-day ATOM processing. The "hints" have been categorized according to the group(s) it affects: schools, lenders, or all ATOM participants.

Schools

→ Schools can be in a credit status with ATOM. This means that the school owes more money to ATOM than they have coming to them for disbursement. This happens as a result of cancellations, refunds, etc., when schools choose to net out. Under current cash management regulations, the school has 10 days to return funds to the lender.

As a service to our clients, ATOM keeps track of each school that is in credit status and calls them when necessary. This allows schools to pay off their credit status with ATOM and return funds to the lender.

Schools can pay ATOM by writing a check, sending an ACH, or sending a wire. If anyone has questions about this process or needs assistance, please contact Marcia Mahaney, the ATOM accountant, at (573) 526-6693.

→ As many schools begin to evaluate their offices and look to automate financial aid and FFELP loan processing, please remember to keep ATOM in mind. Make sure that any overnight loan guarantee or financial aid funds management software you may be considering will accommodate the ATOM lender branch code.

All ATOM Participants

→ Effective July 1, 1998, Boone County National Bank (BCNB) disburses all of its FFELP loan volume through the MSLP's ATOM process. This will allow schools that do not receive FFELP funds via Electronic Funds Transfer (ATOM) to receive checks from ATOM for BCNB loans. John Bailey, director of educational finance for BCNB, reminds all schools utilizing BCNB as a lender to use the **806773-50** ATOM lender code to assure proper FFELP application processing.

Changes to the Eligible Lender List

Participation Lists



CariAnne Cutshall
(800) 473-6757 or
(573) 751-3940
USER ID: ccutshal

For those clients who utilize the MSLP Combined Eligible Lender List, please make note of the following changes. New lists are printed upon request so your list may already have these changes. Please refer to the effective date of the changes and compare them to the date listed at the bottom left-hand corner of your list to determine whether or not you should pencil in these changes.

Additions

Crestar Bank, OE 811304-00

Participation Categories: Sub, Unsub, & PLUS
Added November 10, 1998

Changes

Magna Student Loans c/o MOHELA, OE 828121-00 and -50

New name: Union Planters Bank c/o MOHELA
Change made October 19, 1998

Magna Student Loans c/o LSC/KS, OE 802968-00

New name: Union Planters Bank c/o LSC/KS
New FICE* Lender Name: Union Planters Bank c/o MOHELA
Changes made October 19, 1998

Allen Bank and Trust Company, OE 806774

Charter Bank, OE 823519-00

First Community Bank of Taney County, OE 833085-00

First Financial Bank-Mississippi County, OE 820923-00

Heritage Bank of St. Joseph (The), OE 830476

Magna Student Loans, OE 820807-00

Magna Student Loans, OE 831322-00

Platte Valley Bank, OE 832150-00

New FICE* Lender Name: Union Planters Bank c/o MOHELA
for the lenders listed above (have FICE* 828121-00 or 828121-50)
Changes made October 19, 1998

NationsBank c/o LSC/KS, OE 806746-00 & -50

Add PLUS Preapproval Program as a participation category
Changes made October 26, 1998

**FICE is the lender code and branch under which loans will be originated.*

If you would like to order an MSLP Combined Eligible Lender List, call the MOSTARS Information Center at (800) 473-6757 or (573) 751-3940.

Please refer to the August 1998 FFELPfacts for more information. You may also view a sample of the list in the October 1998 issue of MOSTARS.

We anticipate adding a version of this list to our MOSTARS Website for immediate client access. Look for additional changes and for a notice of Website availability in future issues of the MOSTARS newsletter. ★

MOSTARS Default Prevention Task Force Members

Liz Lowry, Co-chair
Logan College of Chiropractic

Sharon Abernathy
Moberly Area Community College

Annette Avery
Drury College

Bob Berger
Missouri Western State College

Julie Boeckmann
Dept. of Elementary & Secondary Education

Debbie Boldt
Jefferson City High School

Ginny D'Angelo
Commerce Bank of St. Louis

Angie Davis
St. Louis Community College – Meramec

Karen Delozier
Sallie Mae Servicing Corporation

Tony Georges
University of Missouri – St. Louis

Janet Goeller
Dept. of Elementary & Secondary Education

Larkin Hicks
AI-Med Academy

Ann Hollenberg
MOHELA

Chuck Hosea
GuaranTec, L.L.P.

Jeff Jochems
Ozarks Technical Community College

Bob Kolich
NationsBank

Karen Misjak
MOSTARS

Todd Morriss
Southwest Missouri State University

Bob Smith
Educational Opportunity Center

Michael Smith
University of Missouri – St. Louis

Sandy Thies
Hannibal Area Vo-Tech School

Teresa Wheeler
Brentwood High School

Mission Statement

The MOSTARS Default Prevention Task Force is concerned with the increasing student indebtedness and the potential for defaulted student loans in the state of Missouri. Our mission is to work with students, families, government, and institutions to promote awareness of the responsibilities associated with student borrowing through development and implementation of strategies to prevent defaults.

Committees:

Training

Goal:

Use training as a vehicle to enhance entrance / exit counseling beyond federal requirements.

Objectives:

- decide whether to offer a workshop before or after the 1999 MASFAP Conference
- offer training to financial aid personnel as well as students and their families
- review entrance & exit interview procedures to increase efficiency

Consumer Education / Awareness

Goal:

Reduce Missouri's default rate by educating students, families, and educators.

Objectives:

- debt management campaign
- research existing debt management programs
- regular dissemination of information to the financial aid community

Institutional Controls

Goal:

Provide information to develop & enhance institutional default prevention activities

Objectives:

- increase awareness of student loan obligations and default ramifications within each institution to ensure understanding of debt management
- increase awareness of student loan obligations and default ramifications with student borrowers to ensure understanding of debt management

Legislative Initiatives

Goal:

To present and support the passage of legislation, which will reduce student loan defaults.

Objectives:

- redefine the cohort default rate calculation
- increase awareness of debt burden at an earlier age
- reduce the need for loan indebtedness during early stages of postsecondary education
- encourage default prevention measures at institutions
- increase penalties for borrowers who default on student loans

Judy Cantoni

Pam King

Genie Undernehr

Nabalee Hunter

Kara Hootman

Hicky Buschjost

Leanne Cardwell

Becky Whithaus

Kelli Reed
Jill Sandberg

Carolyn Brown

JG

Tronda Elliott

Don Pearson

Nicole Keestner

Marcia Mahaney

Rox Ann Leanne
Barbara Dillie

Karen Mayne

Barbara Dyer

Barbara Outchall

Montague Stearns

Cheryl Beck

James Matchups

Becky Butler

Lisa Mayne

Ruth Chrismore

Sharon Beck

Kitt Brond

**Happy Holidays
from the**

MOSTARS Staff!

Welcome Aboard

Welcome Aboard

Our compliance staff is happy to report that, with the addition of Ruth Chrismore, compliance reviewer, they're now fully staffed.

Before coming to MOSTARS, Ruth worked “on the school side” for 10 years as the director of financial aid at the St. Joseph College of Nursing and the assistant director of financial aid at Joliet Junior College, both in Joliet, IL.

Ruth says a big difference in a guaranty agency versus a school is that, “here, we don’t work with borrowers until they are delinquent. At the schools, we worked with them as they were getting loans, and hoped they never ended up as defaulted borrowers.”

Ruth is going to be seeing another side of the same coin when she goes on her first lender review in a few weeks, followed closely by her first school review. “We always dreaded [school reviews],” Ruth says. “But now at least I’ll be sensitive to their needs and feelings. I’ll know exactly what they’re going through. ☆

Staff News

New Arrival!

Taylor Savannah Rotter was born at 11:30 a.m. on October 11, 1998 to happy first-time parents Teresa and Scott. She weighed in at 7 pounds, 5 ounces, was 21 inches long and “has tons and tons of black hair.”

Teresa, ATOM's computer operator, says Savannah is a "very good baby. She's eating well and putting on weight." Teresa's thoroughly enjoying being a new mommy, though she says she's "not quite ready to go through the experience [of labor] again!"

Teresa is expected to return to her work with ATOM in the first part of January 1999. ☆

The Missouri Department of Higher Education makes every effort to provide program accessibility to all citizens without regard to disability. If you require this publication in an alternate form, please contact our MOSTARS Information Center at (800) 473-6757 or (573) 751-3940. Hearing/speech impaired may call (800) 735-2966.



Coordinating Board for Higher Education
3515 Amazonas Drive
Jefferson City, MO 65109

FIRST CLASS

MOSTARS, a division of the Coordinating Board for Higher Education (CBHE), publishes this newsletter to inform Missouri's financial aid community of current issues concerning the Missouri Student Loan Program and the Missouri Grant & Scholarship Programs.

Dr. Ray HenryCBHE Chairman

Dr. Kala M. Stroup.....Commissioner
of Higher Education

Karen MisjakMOSTARS Director